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EXPERIMENT STATION FILE

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Discussion Series A

Leaflet No. 6

The Farmer and the Consumer of Farm Products --

What Are Their Obligations to One Another?

When prices of farm products are very low, the bread lines in the cities are very long. Unemployed families do not consume many steaks. Farmers getting 30 cents a bushel for wheat do not buy many new radios. There is discussion of the extent to which farmers are dependent on the purchasing power of city consumers. Also, of the extent to which city people are dependent upon consuming power among farm families.

WHAT ARE YOUR ANSWERS?

ARE PROCESSING TAXES JUSTIFIED AT A TIME WHEN THE INCOMES OF MANY CONSUMERS OF FARM PRODUCTS ARE VERY LOW?

IS THERE A CONFLICT BETWEEN THE INTERESTS OF THE CONSUMER AND THE FARM PROGRAMS?

SHOULD FARMERS IN YOUR NEIGHBORHOOD FAVOR FAIR INDUSTRIAL WAGES AND GOOD WORKING CONDITIONS IN FACTORIES LOCATED IN CITIES A HUNDRED, OR EVEN A THOUSAND, MILES AWAY?

HOW CAN BOTH FARMERS AND CITY PEOPLE GET THE FAIREST DEAL AS CONSUMERS?

SHOULD FARMERS FAVOR OR DISAPPROVE ACCURATE LABELS AND QUALITY STANDARDS FOR ALL PRODUCTS AND GOODS?

SHOULD CONSUMERS ORGANIZE TO SECURE THEIR MUTUAL INTERESTS?

ARE THERE NEW FUNCTIONS WHICH THE GOVERNMENT SHOULD EXERCISE, SUCH AS CONTROL OVER MARKETING, OR ACTUAL DISTRIBUTION OF THE FOOD NECESSITIES?

SOME PROS AND CONS

I.

"Farmers should have parity prices (that is, the relation of farm prices to industrial prices that we had in the years 1910-14). Consumers should be vigorously protected in order that they will not be gouged or exploited. Frequently a change in farm prices means much less of a change to consumers, because farmers may be ordinarily getting a small share of the consumer's dollar. For instance, it is possible to increase the price to the farmer 50 percent of certain products without increasing the price of the finished product to the consumer more than 10 percent.

"The urban consumer must be brought to realize that parity prices are necessary in order to make the farm groups better consumers of urban products. Parity prices are simply a means toward restoring a better balance between city and country. The urban consumer will benefit in the long run from parity prices, because his own means of livelihood will be more secure. The farmer and the consumer are interdependent. Each needs the other. It does no good to the urban consumer to have the farmers on their backs. Farmers need enough income to buy generously."

II.

"Farmers and consumers are both getting 'gyped'. We need both producer cooperatives and consumer cooperatives. These two should then deal with one another. The advantages of the cooperatives are that democratic methods are used. Both the consumer and the farmer have a good chance of getting a square deal by dealing directly with one another. Both in Denmark and England this type of cooperation has been practiced successfully. Economies have been achieved of benefit to both producers and consumers by reducing spreads in their prices.

"Not only in other nations, but also in the United States, a few beginnings have been made which can be said to have passed the experimental stage. In New York, a farmers cooperative is selling breakfast cereals to a consumers cooperative directly. In Vermont, a farmers cooperative is selling maple syrup directly to a consumers cooperative in New York City. The entire process from producer to consumer is then in the hands of cooperatives. Experiments of this nature might be begun in many other places throughout the United States."

III.

"There is no hope of doing much until the government gets into the distribution process. There should be a governmental marketing corporation which will see that farmers get fair prices for their crops,

and that consumers are supplied with the necessities of life at fair prices. The necessity for profits would be removed. Distribution costs would be more flexible, reflecting actual handling and processing costs. The temptation with private handling and processing of farm products is to increase spreads - and profits - at every opportunity instead of making service at the lowest possible cost to the consumer as the primary consideration.

"Sooner or later the government will have to step in and take charge of the marketing of the main food products. It might just as well do it sooner as later. The plain fact is that margins of distributors are higher in 1935 than in the pre-war years. This is an intolerable condition which the producers and the consumers of the nation's food cannot long endure. We cannot leave the nation's food distribution in private hands. Private distributors want to buy low and sell high. This creates enmity between farmers and consumers, when the two are really dependent upon one another and should cooperate with each other.

"Already public opinion is developing for the declaration of milk as a public utility. It should be realized that food is affected with a public interest to a greater extent than many other businesses."

IV.

"Consumers should have much more protection from the government than they are now getting. The government should enforce accurate labeling on products, and should be empowered to control false claims in advertising of foods and drugs. The government should stay out of the distribution business as a participant, but it should follow a vigorous regulatory policy. It should lay emphasis on quality as well as low prices to consumers.

"It is common knowledge that grading and labeling as practiced by distributors simply results in confusing the ordinary consumer. And the whole purpose of much marketing today is to prevent the consumer from getting accurate knowledge of quality and grades. In such a situation, the mass of consumers are helpless. Where can they get the protection they need except from the state and national governments?

"This applies to people who live in the country as well as those who live in the cities. Farmers buy much processed food, and many other manufactured articles. They have as much stake in this proposal as city dwellers, and they should be among the first to call for increasing governmental services in behalf of consumers."

V.

"Consumers should not have any protection from government. They should learn how to take care of themselves. The ordinary processes of education should be relied upon to protect consumers. The consumers don't have to buy from any particular individual or firm. The consumer will buy from the concern which will give him the lowest prices and the best quality. Thus, through competition of sellers the purposes of the consumer will best be served. The farmer with the highest quality products also stands to receive the most satisfactory prices under this system.

"We are apt in these days to forget that competition between producers and distributors also aids the consumer. Advertising also serves the consumer. He is informed about new products and about price changes by the producers and the distributors themselves. If the individual consumer will simply keep in touch with the markets available, he will not need organization or greater protection from government."

MORE ABOUT THE FARMER AND THE CONSUMER

Achieving a Balanced Agriculture. 52 pp. Washington, D. C., U. S. Dept. of Agriculture, Agricultural Adjustment Administration, 1934. (G-20) Free.

This pamphlet is concerned with the why and the how of agricultural adjustment. Titles of its ten chapters are: A chance to make a living; What is a surplus; How surpluses grew; The search for crop outlets; The farm situation, 1932; A constitution for farm equality; Production control: benefit payments, marketing agreements, licenses; Processing taxes; what for and who pays them; Prices and purchasing power; The farm situation, 1934.

America's Answer - Consumers' Cooperation. A Challenge and a Call to Action. By E. R. Bowen. 16 pp. New York (167 W. 12th St.) The Cooperative League, 1934. 10 cents. Popular.

America's Capacity to Consume. By Maurice Leven, H. G. Moulton, and Clark Warburton. 272 pp. Washington, D. C., The Brookings Institution, 1934. \$3.00. Technical.

"This is the second of four volumes devoted to an analysis of the relation of the distribution of national wealth and income to economic progress. The purpose of the investigation as a whole is to determine whether the existing distribution of income in the United States among various groups in society tends to impede the efficient functioning of the economic system." -Foreword.

See particularly chapters on the utilization of family income, aggregate consumptive expenditures, savings versus consumptive expenditures, the trend in savings, 1900-29, and how much can we consume?

The Consumer and the Land. Address by Henry A. Wallace...before the General Federation of Women's Clubs, Detroit, Mich., June 7, 1935. 12 pp. mimeographed. Washington, D. C., U. S. Dept. of Agriculture, 1935. Free. Popular.

On the joint interest of the producer and the consumer in agriculture and in a wise land policy.

The Consumer Seeks a Way. By Clark Foreman and Michael Ross. 223 pp. New York, W. W. Norton & Company, Inc., 1935. \$2.00. Popular.

In this book the writers trace "the career of John Littleman, an unemployed bank clerk stimulated by misfortune to inquire into 'things as they are.'" In doing this they have endeavored "to show how painfully inadequate are the answers of orthodox economics. The economic and political changes which have occurred in the last twenty years have been vast enough to call for serious readjustments in our habits of thought and methods of living. Social and economic theories have lagged far in the rear of events. By guiding the questions of John Littleman, the authors have tried to point out the trend of events and lay the foundations of a national policy based on the interests of the consumer." -Foreword.

The Consumers Dollar. By Edward A. Filence. 29 pp. New York, The John Day Company, 1934. (The John Day Pamphlets No. 41) 25 cents.

"The Consumer's Dollar is essentially a revision and enlargement of the views expressed in Mr. Filene's ... book, 'Successful Living in This Machine Age.'"

Consumers' Guide. Issued bi-weekly by the Consumers' Counsel, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, D. C. Free. Popular.

This periodical "aims to aid consumers in making wise and economical purchases by reporting changes in prices and costs of food and farm commodities. It relates these changes to developments in the agricultural and general programs of national recovery. It reports on cooperative efforts which are being made by individuals and groups of consumers to obtain the greatest possible value for their expenditures." The farmer's interest is not forgotten for the consumer and the farmer are alike dependent on each other.

Discovering Consumers. By M. C. Phillips and F. J. Schlink. 31 pp. New York, John Day Co., Inc., 1934. (John Day Pamphlets, No. 43) 25 cents.

Economics for Consumers under the NIRA and After. 15 pp. Washington, N. J., Consumers' Research, Inc., 1934. (Economics for Consumers Series No. 1) 25 cents.

Contents: Forgotten consumers, by F. A. Fetter (reprinted from the Survey Graphic); The new deal and the consumer, by J. T. Flynn and R. S. Lynd. A radio debate; Economics and the consumer, by F. J. Schlink (reprinted from the Economic Forum).

How Great Cities Are Fed. By W. P. Hadden. 302 pp. Boston, New York (etc.) D. C. Heath and Company (1929) \$2.80.

Suggested reading list, pp. 287-291. The following sentences are quoted from the author's introduction to his book:

"Much of the factual material in this book is drawn from studies of the New York market. The situation in other consuming centers has been sketched with emphasis on points of similarity or contrast. ... the succeeding chapters trace the revolutionary changes in methods of distributing perishable foodstuffs to our large terminal centers, analyze the types of facilities needed under the new conditions, emphasize the more important elements of city marketing cost, and point out the developments which seem to promise a reduction in the spread between farm and city prices."

Industrial Prices and Their Relative Inflexibility. (By Gardiner C. Means) 38 pp. Washington, D. C., U. S. Govt. Print. Off., 1935. (U. S. 74th Congress, 1st Session, Senate Document No. 13) (For sale by the Superintendent of Documents, Washington, D. C. for five cents) Technical.

Title as given on p. 1 of the Document is "N.R.A., A.A.A., and the Making of Industrial Policy." This report contains "the results of (1) a study into the behavior of prices during the depression and (2) an interpretation of the meaning of the price inflexibilities which the study disclosed. The study was undertaken to throw light

on the disparities which existed between agricultural and industrial prices." -Letter of submittal. See Appendix I, pp. 32-34, The Consumer Interest, and Appendix J, p. 35, The Farmer Interest.

Must the Nation Plan? A Discussion of Government Programs. By Benson Y. Landis. 221 pp. New York, Association Press, 1934. \$1.25.

"This book was written in order to assist in the discussion of current experiments in economic planning. It is an interpretation of the nation's programs, and of the combination of unusual forces which brought them about... In form, the book aims to provide both a brief narrative in non-technical language, and a syllabus which may be useful to groups and classes wishing to discuss the experiments in government." -Foreword. Contains a selected bibliography of the more recent and accessible materials available on the subject matter of the book. See particularly chapter II, Agricultural Adventures, and chapter VIII, How Have Consumers Fared, and the discussion syllabus pp. 197-198, 200-201, How Should Agricultural Planning Be Carried On, and Are Consumers Remembered or Forgotten?

New Frontiers. By H. A. Wallace. 314 pp. New York, Reynal & Hitchcock (1934) \$1.00, paper.

We tax bread and meat, chapter XVI, pp. 211-222. References to processing taxes are also found on pp. 175-186, 196-197.

Your Money's Worth. A study in the waste of the Consumer's Dollar. By Stuart Chase and F. J. Schlink. 285 pp. New York, The Macmillan Company, 1927. \$2.00

